

Message Text

LIMITED OFFICIAL USE

PAGE 01 LAGOS 10327 081257Z

ACTION AF-10

INFO OCT-01 ISO-00 SCS-03 SCA-00 DHA-05 FS-01 L-03

H-01 AID-05 CIAE-00 COME-00 EB-08 FRB-03 INR-07

NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01

AGRE-00 PA-01 PRS-01 /093 W

-----012400 081611Z /40

R 081150Z SEP 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 3606

INFO AMCONSUL IBADAN

AMCONSUL KADUNA

LIMITED OFFICIAL USE LAGOS 10327

E.O. 11652: N/A

TAGS: ECON, EFIN, ETRD, NI

SUBJECT: FOREIGN EXCHANGE SCANDAL - TWO EXPATRIATES SENTENCE

REF: (A) LAGOS 9227, (B) LAGOS 9383

1. ON SEPTEMBER 6, SPECIAL TRIBUNAL SET UP TO PROSECUTE VIOLATORS OF THE 1977 FOREIGN EXCHANGE DECREE DELIVERED FIRST JUDGEMENT. EXPATRIATES NIGEL TURNER (CANADIAN) AND UMBERTO CARNAZZI (ITALIAN) PRONOUNCED GUILTY OF VIOLATING SECTION 9 (1) OF THE DECREE. EACH SENTENCED TO FIVE YEARS IN PRISON AND ORDERED TO "REFUND" DOLLARS 230,000, THE AMOUNT WHICH THEY HAD ALLEGEDLY CONSPIRED TO EXCHANGE BETWEEN THEM FOR NAIRA 200,000. WHILE CURRENT OFFICIAL EXCHANGE RATE IS DOLLARS 1,5352 TO ONE NAIRA, RATE USED BY THE ACCUSED WAS DOLLARS 1.15. IN PAST YEAR, BLACK MARKET HAS FLUCTUATED BETWEEN DOLLARS 1.00 - 1.25 TO ONE NAIRA.

2. DEFENDANTS HAD NOT TRANSFERRED ANY FUNDS OUT OF NIGERIA WHICH ACCORDING TO PRESIDING JUDGE HELPED MITIGATE SERIOUSNESS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LAGOS 10327 081257Z

OF THE VIOLATION AND RESULTED IN MINIMAL PRISON SENTENCE (5 YEARS) PRESCRIBED BY THE EXCHANGE CONTROL DECREE.

3. CRUCIAL POINT MADE BY DEFENSE LAWYERS WAS THAT PENALTY IS BEING ADMINISTERED RETROACTIVELY AND THAT PERSONS ARE BEING PUNISHED FOR OFFENSE WHOSE PENALTY NOT PREVIOUSLY ESTABLISHED AND KNOWN. ACTION BY COURT LOOKED ON BY FOREIGN

OBSERVERS AS ONE MORE EXAMPLE OF UNCERTAIN, WORRISOME LEGAL ENVIRONMENT THAT CONFRONTS BUSINESSMEN IN NIGERIA.

4. COMMENT: FMG OFFICIALS IN MINFINANCE AND CENTRAL BANK UNDERSTANDABLY REFUSING TO DISCUSS SCANDAL WITH "OUTSIDERS" INCLUDING EMBOFFS. AS POSSIBLE TARGETS OF INVESTIGATION THEY KEEPING AS LOW A PROFILE AS POSSIBLE. ON OTHER HAND, CURRENCY SCANDAL REMAINS POPULAR TOPIC OF CONVERSATION AMONG BUSINESSMEN WHO ARE CONCERNED THAT EXPATRIATES WILL BE USED AS SCA EGOATS. SO F R INDIAN COMMUNITY SEEMS TO BE HARDEST HIT.

5. U.S. BANKERS HERE READILY ADMIT THAT NEARLY ALL IMPORTS INTO NIGERIA ARE OVERINVOICED OR TAGGED WELL ABOVE USUAL TRADED PRICE. ILLEGAL CURRENCY CONVERSION IS ALSO COMMONPLACE. HOWEVER, SINCE VIGEROUS PROSECUTION OF ALL DECREE OFFENDERS PROBABLY WOULD WIPE OUT MOST OF NIGERIA'S BUSINESS COMMUNITY AND VICTIMIZE MANY GOVERNMENT OFFICIALS INVOLVED IN FOREIGN TRADE, PROGNOSIS CONTINUES TO BE THAT FMG WILL HOLD BACK BY ONLY JAILING SMALL NUMBER OF MAJOR OFFENDERS (BOTH NIGERIAN AND EXPATRIATE) AND LARGER NUMBER OF MINOR OFFENDERS (MOSTLY CLERKS IN THE BANKS AND GOVERNMENT).

6. SLIGHT IMPROVEMENT SEEN IN PROCESSING OF FOREIGN EXCHANGE DOCUMENTS. ON 9/6 DOLLARS 900,000 OF PAN AM'S FUNDS REPATRIATED, LEAVING APPROXIMATE BALANCE OF DOLLARS 1.7 MILLION STILL TO GO. PAN AM DIRECTOR STATES THIS FIRST BREAKTHROUGH IN 2 MONTHS. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LAGOS 10327 081257Z

WYMAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE TRANSACTIONS, COURT DECISIONS, FRAUDS
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LAGOS10327
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770325-0756
Format: TEL
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770987/aaaacveg.tel
Line Count: 95
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: cd70aa4a-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 LAGOS 9227, 77 LAGOS 9383
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1350600
Secure: OPEN
Status: NATIVE
Subject: FOREIGN EXCHANGE SCANDAL - TWO EXPATRIATES SENTENCE
TAGS: ECON, EFIN, ETRD, NI
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/cd70aa4a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009